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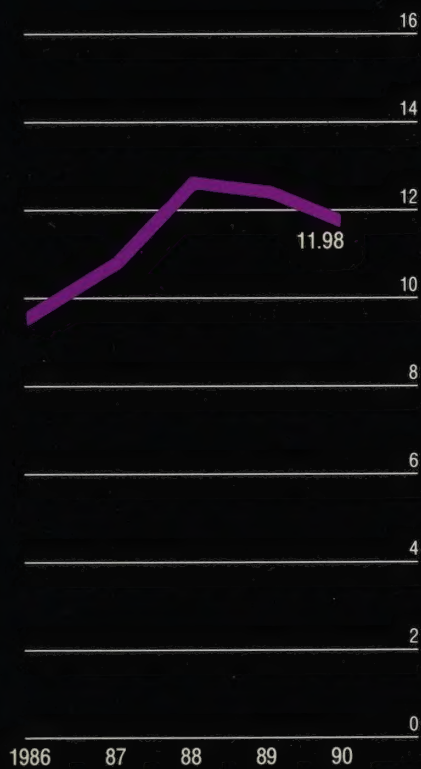
ANNUAL
REPORT



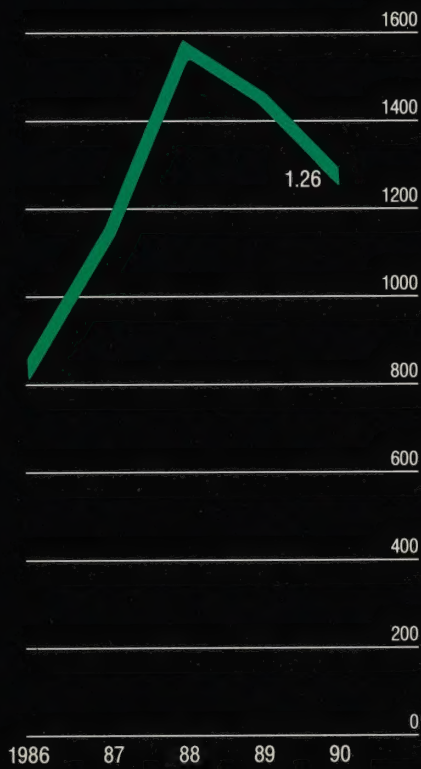
ANNUAL REPORT 1990



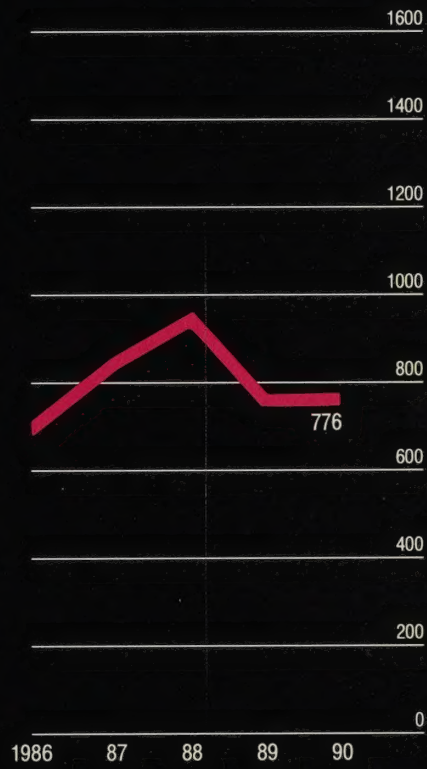
FIVE YEAR SUMMARY



Total Tonnage
(metric tonnes in millions)



Overseas Tonnage
(metric tonnes in thousands)



Vessel Arrivals
(number of ships)

MESSAGE FROM THE PORT DIRECTOR



Cargo handled through the Port of Hamilton in 1990 declined 4% to 11,977,747 tonnes. This modest decrease was reflective of the general slowdown in the Canadian economy and is indicative of a decline in the rapid growth period enjoyed by the Port in the latter part of the 1980's. Direct overseas shipments in 1990 totalled 1.26 million tonnes, down from the previous year for these same reasons.

Total revenue also decreased in 1990 as a direct consequence of lower cargo volumes; net revenue, although lower, remained at a satisfactory level.

The Port of Hamilton's 1990 navigation season opened on March 26th with the arrival of the M.V. "Algocen" and closed on December 26th with the departure of the M.V. "Canadian Navigator". A total of 776 commercial vessels called at the Port during the shipping season.

Cargo mix in 1990 remained consistent with past years with bulk cargo, primarily raw materials for the steel mills, leading the way. Agricultural commodity throughputs were firm during the year while modest growth was experienced in liquid bulk cargo. As usual, finished steel products made up the majority of the Port's general and overseas cargo.

Investment by the Commissioners in new Port facilities and equipment amounted to 13.3 million dollars during 1990. Foremost was the purchase from J. I. Case of some 46 acres of land and related buildings at Pier 15. This acquisition complements the 20 acres purchased in 1987 and significantly increases the Port's industrial land holdings.

The Commissioners remitted to The City of Hamilton some 2.14 million dollars in property taxes collected during the year from their leased Port lands.

During the course of the year construction continued at our "East Port" development with the completion of a new Seaway draft berth on Pier 26. Also at East Port, the Windermere Basin Rehabilitation Project was completed. The Commissioners acted as construction manager on behalf of a five party government consortium that funded this ambitious environmental clean-up.

In the latter part of 1990 work began on the Commissioners' "Harbour West" project at Pier sites 4 and 5. This recreational development will increase boating and public access to the Harbour. Contracts were let for the construction of the breakwater/public pier and for the first 100 small craft slips. Berth availability is scheduled for June 1991 with a publically accessible viewing and fishing pier opening the following year. An integral part of the construction is the creation of a fish habitat along the breakwater. This is the first man-made fish enhancement project for Hamilton Harbour.

The Commissioners continued their pro active role in providing recreational opportunities on Hamilton Harbour. Our full service marina operated at capacity while our public boat launch remained busy, notwithstanding the fact that 1990 saw a rather cool and wet boating season. The Commissioners' sailing school experienced its normally busy season with some 3,000 students enrolled in the wide variety of courses. A hands-on power boating course was also offered for the first time in 1990, with 50 boaters receiving training in proper and safe motor boat handling. The availability of such training assumes greater importance in these times of increasing power boating mishaps in the waters of Ontario.

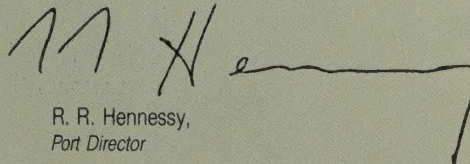
The Port of Hamilton remained active in both the American Association of Port Authorities and the Canadian Port and Harbour Association during 1990, these associations proving especially valuable in times when the entire Great Lakes marine industry is under economic stress.

The Port also continued its role as host to the Port of Hamilton Oil Spill Control Group, an industry co-operative with 20 years of service dedicated to the prevention and clean-up of oil spills in the marine environment.

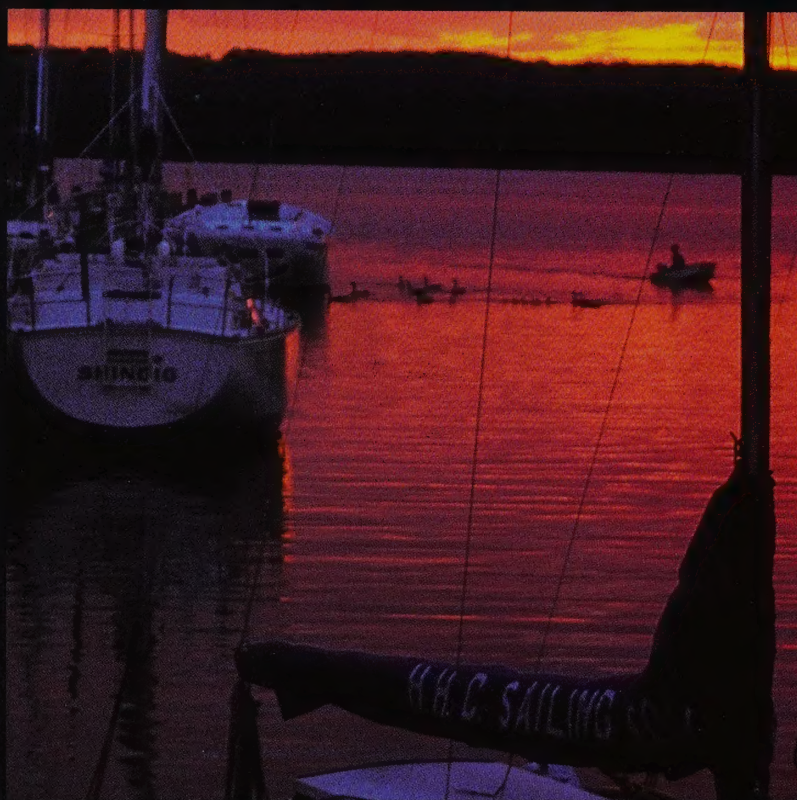
In 1990, the Port was well served by its Board of Commissioners, consisting of Mr Peter Lush, Mr. Peter Peterson and Mr. Duncan Beattie. We would like to welcome aboard Commissioner Al Oakie, who will be assuming his office at the start of 1991.

The Board would like to acknowledge the support of the Government of Canada and that of our adjoining municipalities. The Board also recognizes the ongoing efforts of the Port's management and office staffs and those of our dockyard, maintenance and longshoring work forces. These dedicated people, together with the Port's loyal customers, will stand us in good stead as we face the uncertainty and challenges of 1991.

On behalf of the Chairman,
The Hamilton Harbour Commissioners



R. R. Hennessy,
Port Director



BALANCE SHEET

DECEMBER 31, 1990

ASSETS

CURRENT

	1990	1989
Cash	\$ 244,220	\$ 234,875
Accounts receivable	1,550,213	1,534,997
Accrued interest receivable	112,469	778,056
Inventory	76,504	62,787
Prepaid expenses	66,947	46,176
	<u>2,050,353</u>	<u>2,656,891</u>
EQUIPMENT LOAN (note 2)	460,000	460,000
INVESTMENT APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	5,600,000	14,100,000
FIXED (note 4)	48,301,026	36,565,482
TOTAL ASSETS	<u>\$56,411,379</u>	<u>\$53,782,373</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$ 710,306	\$ 618,375
Current portion of long-term debt	50,000	50,000
	<u>760,306</u>	<u>668,375</u>
LONG-TERM (note 5)	425,000	475,000
TOTAL LIABILITIES	<u>1,185,306</u>	<u>1,143,375</u>

CAPITAL

GENERAL CAPITAL	49,626,073	38,538,998
RESERVE FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	5,600,000	14,100,000
	<u>55,226,073</u>	<u>52,638,998</u>
TOTAL CAPITAL	<u>\$56,411,379</u>	<u>\$53,782,373</u>

STATEMENT OF GENERAL CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
GENERAL CAPITAL — <i>Beginning of year</i>	\$38,538,998	\$36,110,307
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	2,587,075	4,121,727
	<u>41,126,073</u>	<u>40,232,034</u>
ALLOCATION FROM (TO) RESERVE FOR FUTURE HARBOUR IMPROVEMENTS (<i>note 3</i>)	8,500,000	(1,693,036)
GENERAL CAPITAL — <i>End of year</i>	<u>\$49,626,073</u>	<u>\$38,538,998</u>

STATEMENT OF REVENUE AND EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 1990

REVENUE	1990	1989
Operating revenue	\$ 8,374,207	9,776,243
Other income	1,628,523	1,656,083
	<u>10,002,730</u>	<u>11,432,326</u>
OPERATIONS		
Operating expense	\$ 3,914,934	\$ 3,925,897
Depreciation of docks, buildings and equipment	1,550,358	1,352,949
	<u>5,465,292</u>	<u>5,278,846</u>
GROSS OPERATING MARGIN	4,537,438	6,153,480
ADMINISTRATIVE, OFFICE AND GENERAL	1,929,222	2,008,550
INTEREST ON LONG-TERM DEBT	21,141	23,203
	<u>1,950,363</u>	<u>2,031,753</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	<u>\$ 2,587,075</u>	<u>\$ 4,121,727</u>

AUDITORS' REPORT

To The Hamilton Harbour Commissioners

We have audited the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1990 and the statements of revenue and expense, general capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Commissioners' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing estimates made by management, as well as evaluating the overall financial statement presentation. Our appointment as auditors is in accord with the intent of The Hamilton Harbour Commissioners' Act.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Hamilton Harbour Commissioners as at December 31, 1990 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles.

Hamilton, Canada
April 5, 1991

MACGILLIVRAY PARTNERS
CHARTERED ACCOUNTANTS

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
OPERATIONS		
Excess of revenue over expense	\$ 2,587,075	\$ 4,121,727
Items not affecting working capital		
Depreciation	1,550,359	1,352,949
Net gain on fixed asset disposals	(107,595)	(475)
Working Capital derived from operations	4,029,839	5,474,201
Decrease (increase) in working capital		
Accounts receivable	(15,216)	(512,880)
Accrued interest receivable	665,587	(226,906)
Inventory	(13,717)	7,499
Prepaid expenses	(20,771)	(23,309)
Accounts payable	91,931	152,352
	<u>4,737,653</u>	<u>4,870,957</u>
 INVESTING		
Fixed asset acquisitions	(13,287,640)	(3,421,233)
Proceeds on disposal of fixed assets	109,332	3,855
	<u>(13,178,308)</u>	<u>(3,417,378)</u>
 FINANCING		
Repayment of long-term debt	(50,000)	(50,000)
Investments for future harbour improvements — realized (appropriated)	8,500,000	(1,693,036)
	<u>8,450,000</u>	<u>(1,743,036)</u>
INCREASE (DECREASE) IN CASH RESOURCES	9,345	(289,457)
CASH RESOURCES — Beginning of year	234,875	524,332
CASH RESOURCES — End of year	<u>\$ 244,220</u>	<u>\$ 234,875</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1990

CONSTITUTION

The Hamilton Harbour Commissioners is a corporation established and operated pursuant to The Hamilton Harbour Commissioners' Act, S.C. 1912, c.98. The Commissioners' mandate is to govern and develop the Harbour of Hamilton for the purposes of the Act and to provide a harbour with full facilities for the transportation industry.

1. SIGNIFICANT ACCOUNTING POLICIES

The Commissioners have adopted the following accounting policies:

(a) Revenue and expense are accounted for on the accrual basis.

(b) Fixed Assets and Depreciation

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designed to amortize the cost over the useful lives of the assets:

Docks and improvements	- 2%, 5%, 10%, 20%
Buildings	- 2-1/2%, 5%, 10%, 20%
Vessels and equipment	- 10%, 15%, 20%

(c) Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis and replacement cost.

(d) Grant Recognition

Capital grants are recorded, when receivable, as an increase in General Capital.

2. EQUIPMENT LOAN

The loan, which is part of an agreement whereby the Commissioners have secured the use of two cranes, is due in 1994 with interest at 9% to be paid monthly. The loan is secured by a first charge against equipment.

3. RESERVE FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners transferred \$8,500,000 from the reserve for future Harbour improvements to general capital and realized a like amount of investments. The balance in the reserve, amounting to \$5,600,000, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1990, the Commissioners approved a five-year capital budget in the aggregate amount of \$33,988,000.

4. FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
			1990	1989
Land, docks and harbour improvements	\$44,324,405	\$11,609,201	\$32,715,204	\$26,196,046
Buildings	11,489,388	6,613,640	4,875,748	2,174,035
Equipment and vessels	5,628,055	4,414,671	1,213,384	1,213,468
Capital development in progress	9,496,690		9,496,690	6,981,933
	<u>\$70,938,583</u>	<u>\$22,637,512</u>	<u>\$48,301,026</u>	<u>\$36,565,482</u>

5. LONG-TERM DEBT

	1990	1989
Debentures payable		
Government of Canada, 4-1/8%, to be paid before the year 2005	\$ 475,000	\$ 525,000
Current portion	50,000	50,000
	<u>\$ 425,000</u>	<u>\$ 475,000</u>

The Commissioners are repaying the principal sum at \$50,000 per annum.

6. PENSION PLANS

A non-contributory defined benefit final average pension plan exists for salaried employees. A contributory defined benefit career average pension plan exists for those employees who are members of C.U.P.E. Local 958.

Based on actuarial reports prepared in the past three years, pension benefits and the market value of net assets available to provide for these benefits as at December 31, 1990 are estimated as follows:

	Salaried Employees' Plan	C.U.P.E. Employees' Plan
Accrued pension benefits	\$ 3,221,000	\$ 231,000
Pension fund assets	3,597,000	334,000

The excess of pension fund assets over the accrued pension benefits of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

Pension fund expense for the year has been reduced to zero by the draw down of \$70,000 from the excess of assets over accrued benefits.

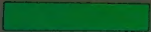


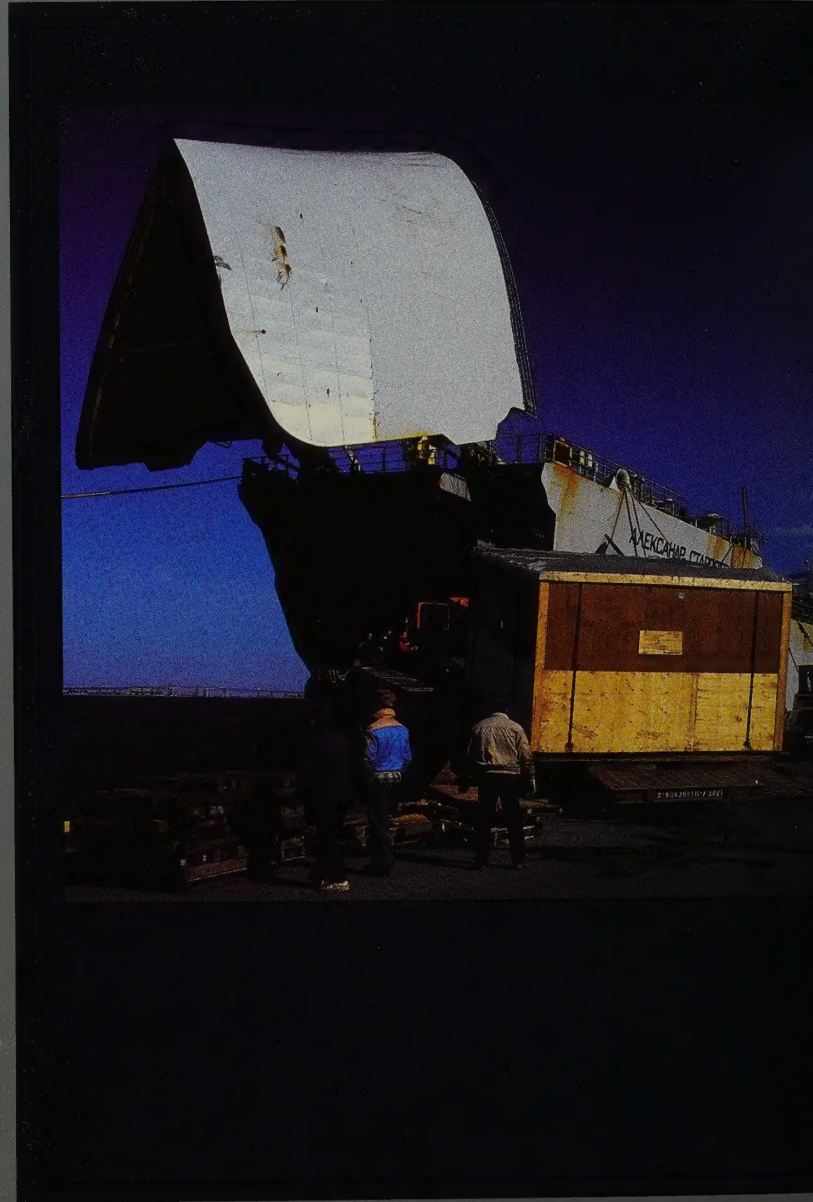
PORT HIGHLIGHTS AND ACTIVITIES

The Port of Hamilton is home to a large and diverse industrial and commercial waterfront complex that is dependent on the efficient flow of marine cargo. In 1990, to meet this need, the Port served 776 ships carrying a wide variety of bulk and general cargoes.

The 1990 shipping season saw a particular growth in liquid bulk commodities, primarily at Montank Transit Inc. located on Pier 11 and Canada West Indies Molasses at Pier 23. In addition, Pier 23 also witnessed the opening of a steel export facility by Dofasco Inc. This Seaway draft shipping terminal provides a vital link in the movement of Canadian steel on to world markets.

With new lands added on Pier 15 and our on-going expansion at the East Port Development, the Port is well prepared to meet the needs of our customers and shippers in the coming years.









The Hamilton
Harbour
Commissioners

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